

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

LOAN COMMITTEE

Minutes

July 14, 2023

A meeting of the Vermont Economic Development Authority's Loan Committee convened on July 14, 2023 beginning at 9:02 a.m. Those Committee Members present via teleconferencing: S. Voigt, Chair; A. Eastman (designee for A. Tebbetts); E. Delhagen (designee for J. Tierney); T. Foster; J. Goldstein (designee for L. Kurrle); R. Shippee and T. Gallagher. Member joining the meeting later via teleconferencing: M. Pieciak. Staff present via teleconferencing: C. Polhemus, Chief Executive Officer; C. Houchens, Chief Risk and Resource Officer; R. Grzankowski, Chief Operations Officer; S. Croft, Deputy Director of Commercial Lending; Marie Dussault, Senior Commercial Loan Officer and J. Shackman, Senior Commercial Credit Analyst. Staff present in VEDA's office: C. Jones, Receptionist. Staff joining the meeting later via teleconferencing: T. Richardson, Chief Financial Officer. Those Members of the Committee present constituted a quorum.

Minutes of June 9, 2023

On a motion by R. Shippee, seconded by T. Gallagher, the Minutes of the June 9, 2023 Loan Committee Meeting were approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

Loan Presentation:

Randolph Hospitality LLC and FARM Developing LLC – Subchapter 5 (VEDA) Loan –
Randolph - \$3,500,000

M. Dussault explained Randolph Hospitality LLC and FARM Developing LLC of Randolph is requesting a \$3,500,000 Subchapter 5 loan due to projected costs in Phase I of building a new hotel in Randolph, Vermont to include site work, purchase and installation of building materials for a 64-room extended-stay hotel. The base for Phase II will also begin with the placement of a full-sized concrete slab for future use as the foundation of a conference center and restaurant. In the interim, the slab will be promoted for use as a tented outdoor area for professional, educational, and public gatherings.

At 9:05 a.m. T. Richardson joined the meeting via teleconferencing.

After discussion regarding the lack of hotel accommodations in the immediate area, tourist dependency, positive local economic impact, cash flow projections, appraisal valuations, ownership and evaluation of all management groups, on a motion by J. Goldstein, seconded by T. Gallagher, the above loan was approved by those Members of the Committee present by a vote of 6 to 0 with the Chair abstaining.

At 9:11 a.m. M. Pieciak joined the meeting via teleconferencing.

After thoroughly reviewing the loan request, VEDA staff has made the following determinations per 10 V.S.A § 262:

- (1) The project is within the scope of this chapter and will increase or maintain employment and expand the economy of the State;
- (2) The project plans comply with all applicable environmental, zoning, planning and sanitary laws and regulations of the municipality where it is to be located and of the State of Vermont;
- (3) The making of the loan will be of public use and benefit;
- (4) The proposed loan will be adequately secured by a mortgage on real property or equipment, or both;
- (5) The principal obligation of the Authority's mortgage does not exceed \$5,000,000, which may be secured by land buildings or by machinery and equipment, or both; unless:
 - (A) an integral element of the project consists of the generation of heat or electricity employing biomass, geothermal, methane, solar, or wind energy resources primarily consumed at the project, in which case the principal obligation of the Authority's mortgage does not exceed \$6,000,000, which may be secured by land and by buildings, or machinery and equipment, or both; such principal obligation does not exceed 40 percent of the cost of the project; and the mortgagor is able to obtain financing for the balance of the cost of the project from other sources as provided in the following section; or
 - (B) a single loan for which the principal amount of the Authority's mortgage does not exceed \$3,000,000 for an eligible facility consisting of a municipal telecommunications plant, a defined in 24 V.S.A. § 1911(2).

- (6) The mortgagor is responsible and able to manage its responsibilities as mortgagor and owner of the project;
- (7) The mortgage has a satisfactory maturity date, in no case later than 20 years from the date of the mortgage;
- (8) The mortgagor is unable to finance the project upon reasonable terms without the assistance of the requested loan from the Authority, or in the alternative, the granting of the loan will serve as a substantial inducement for the establishment or expansion of an eligible project within the State;
- (9) The mortgagor has made adequate provision for insurance protection of the project while the loan is outstanding; and
- (10) The loan will be without unreasonable risk of loss to the Authority. Such findings when adopted by the Authority shall be conclusive.

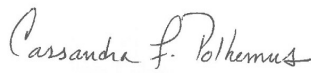
Other Business

C. Polhemus noted this loan falls in the travel and tourism sector within VEDA’s portfolio. This sector has experienced significant activity in the past three years and VEDA’s exposure to the industry has increased correspondingly. As a result, VEDA’s exposure currently exceeds the Authority’s internal loan approval threshold. P. Samson will provide an update on recent staff approved loans in the hotel sector at the July 28th Board meeting.

There being no other business to properly come before the Committee on a motion by T. Foster, seconded by R. Shippee, the meeting adjourned at 9:21 a.m.

ATTEST:

Vermont Economic Development Authority

By: 
Cassandra F. Polhemus, Chief Executive Officer